

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015**



Schenck^{SC}

CPAs AND SO MUCH MORE.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Gibraltar, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Gibraltar, Wisconsin ("the Town") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town as of December 31, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note D.4, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other post-employment benefits on pages 27 and 28 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the Town of Gibraltar's 2014 financial statements, and our report dated February 10, 2015, expressed unmodified opinions on those respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

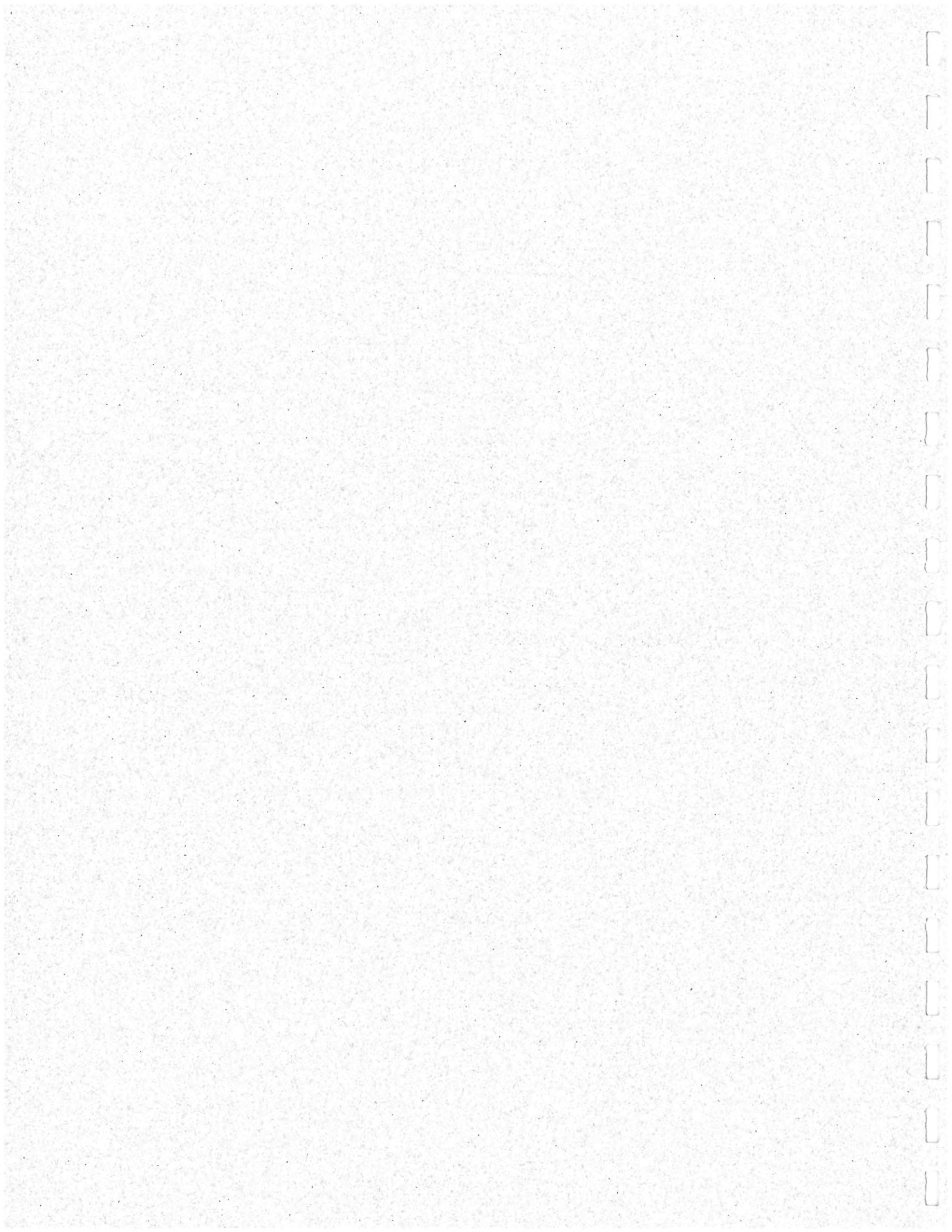
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
February 12, 2016

BASIC FINANCIAL STATEMENTS



TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Statement of Net Position
December 31, 2015

(With summarized financial information as of December 31, 2014)

	Governmental Activities	
	2015	2014
ASSETS		
Cash and investments	\$ 3,543,530	\$ 3,373,455
Receivables		
Taxes	5,410,069	5,176,441
Delinquent personal property taxes	3,242	2,331
Accounts	15,801	17,085
Inventories and prepaid items	41,180	58,615
Restricted cash	42,575	2,514,468
Net pension asset	35,247	-
Capital assets, nondepreciable		
Land	2,432,711	2,362,711
Construction in progress	42,469	-
Capital assets, depreciable		
Land improvements	771,281	763,535
Buildings	4,465,555	4,465,555
Machinery and equipment	691,561	576,754
Vehicles	1,207,465	1,207,465
Infrastructure	5,780,823	5,741,903
Less: Accumulated depreciation	(6,159,795)	(5,925,703)
TOTAL ASSETS	18,323,714	20,334,615
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	36,246	-
LIABILITIES		
Accounts payable	59,012	27,873
Accrued and other current liabilities	13,344	23,901
Accrued interest payable	-	32,733
Special deposits	35,615	28,500
Unearned revenue	32,852	18,434
Due to other governments	5,720,344	5,565,281
Long-term obligations		
Due within one year	368,414	583,900
Due in more than one year	3,329,907	5,969,521
TOTAL LIABILITIES	9,559,488	12,250,143
DEFERRED INFLOWS OF RESOURCES		
Property taxes	1,784,605	1,726,719
Deferred inflows related to pension	3,159	-
Total Deferred Inflows of Resources	1,787,764	1,726,719
NET POSITION		
Net investment in capital assets	5,533,749	5,110,692
Restricted for cemetery	42,575	42,575
Restricted for parks	792	792
Restricted for pension benefits	68,334	-
Unrestricted	1,367,258	1,203,694
TOTAL NET POSITION	\$ 7,012,708	\$ 6,357,753

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

Statement of Activities

For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2015	2014
Governmental Activities						
General government	\$ 402,328	\$ 14,626	\$ 1,642	\$ -	\$ (386,060)	\$ (356,275)
Public safety	466,405	46,026	20,557	-	(399,822)	(295,246)
Public works	659,587	82,038	114,130	6,630	(456,789)	(662,543)
Culture and recreation	412,530	340,970	2,455	-	(69,105)	(101,597)
Health and human services	3,013	1,728	-	-	(1,285)	842
Conservation and development	39,068	-	-	-	(39,068)	5,178
Interest and fiscal charges	108,461	-	-	-	(108,461)	(117,728)
Total Governmental Activities	\$ 2,091,392	\$ 485,388	\$ 138,784	\$ 6,630	(1,460,590)	(1,527,369)

General revenues		
Property taxes	1,730,223	1,571,611
Other taxes	189,276	184,956
Federal and state grants and other contributions not restricted to specific functions	32,545	28,568
Rental income	41,233	42,737
Refunds	-	442
Interest and investment earnings	4,750	3,117
Miscellaneous	46,648	9,878
Gain on disposal of capital assets	4,150	82,595
Total general revenues	2,048,825	1,923,904
Change in net position	588,235	396,535
Net position - January 1	6,357,753	5,961,218
Cumulative effect of change in accounting principle	66,720	-
Net position - January 1, as restated	6,424,473	5,961,218
Net position - December 31	\$ 7,012,708	\$ 6,357,753

The notes to the basic financial statements are an integral part of this statement.

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**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

Balance Sheet

Governmental Funds

December 31, 2015

(With summarized financial information as of December 31, 2014)

	2015			2014
	General	Non-Major Airport	Total Governmental Funds	Total
ASSETS				
Cash and investments	\$ 3,522,689	\$ 20,841	\$ 3,543,530	\$ 3,373,455
Restricted cash and investments	42,575	-	42,575	2,514,468
Receivables				
Property taxes	5,410,069	-	5,410,069	5,176,441
Delinquent personal property tax	3,242	-	3,242	2,331
Other receivables	15,801	-	15,801	17,085
Due from other funds	1,652	-	1,652	5,742
Inventories and prepaid items	34,305	6,875	41,180	58,615
TOTAL ASSETS	\$ 9,030,333	\$ 27,716	\$ 9,058,049	\$ 11,148,137
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 59,007	\$ 5	\$ 59,012	\$ 24,558
Accrued and other current liabilities	13,344	-	13,344	23,901
Due to other governments	5,706,692	13,652	5,720,344	5,565,281
Due to other funds	-	1,652	1,652	5,742
Unearned revenues	32,852	-	32,852	18,434
Special deposits	33,115	2,500	35,615	31,815
Total Liabilities	5,845,010	17,809	5,862,819	5,669,731
Deferred Inflows of Resources				
Property taxes	1,784,605	-	1,784,605	1,726,719
Fund Balances				
Nonspendable				
Inventories and prepaid items	34,305	6,875	41,180	58,615
Restricted				
Cemetery	42,575	-	42,575	42,575
Parks	792	-	792	792
Debt service	-	-	-	2,471,893
Committed				
Capital outlay and debt service	725,951	-	725,951	786,739
Door county coastal byways	1,407	-	1,407	1,407
Airport	-	3,032	3,032	-
Assigned				
Elections	-	-	-	8,000
Fire district	5,000	-	5,000	5,000
Library	923	-	923	1,500
Park improvements	5,600	-	5,600	5,600
Fire department	51,000	-	51,000	31,000
Fire truck debt service	200,000	-	200,000	-
Harbor	22,330	-	22,330	-
Unassigned (deficit)				
General fund	310,835	-	310,835	338,958
Airport	-	-	-	(392)
Total Fund Balances	1,400,718	9,907	1,410,625	3,751,687
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,030,333	\$ 27,716	\$ 9,058,049	\$ 11,148,137

(Continued)

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2015

(With summarized financial information as of December 31, 2014)

Governmental Activities	
2015	2014

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 1,410,625 \$ 3,751,687

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 9,232,070 9,192,220

The Town's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:

Net pension asset	35,247	-
Deferred outflows of resources	36,246	-
Deferred inflows of resources	(3,159)	-

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	(3,698,321)	(6,553,421)
Debt issuance costs		-
Accrued interest on long-term obligations	-	(32,733)
	-	(32,733)

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4) \$ 7,012,708 \$ 6,357,753

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	2015		Total Governmental Funds	2014
	General	Non-Major Airport		Total
Revenues				
Taxes	\$ 1,919,499	\$ -	\$ 1,919,499	\$ 1,756,567
Intergovernmental	162,894	-	162,894	193,003
Licenses and permits	64,957	-	64,957	59,076
Fines and forfeits	2,834	-	2,834	1,955
Public charges for services	355,058	75,980	431,038	430,508
Intergovernmental charges for services	3,556	-	3,556	810
Interest on investments	4,750	562	5,312	3,117
Miscellaneous	88,251	1,286	89,537	148,922
Total Revenues	<u>2,601,799</u>	<u>77,828</u>	<u>2,679,627</u>	<u>2,593,958</u>
Expenditures				
General government	359,908	-	359,908	363,494
Public safety	335,577	-	335,577	291,571
Public works	556,250	72,057	628,307	721,838
Culture and recreation	374,317	-	374,317	394,820
Health and human services	2,913	-	2,913	4,008
Conservation and development	39,068	-	39,068	2,895
Debt service				
Principal	3,463,810	-	3,463,810	290,747
Interest and fiscal charges	141,194	-	141,194	120,062
Capital outlay	274,686	9,619	284,305	948,120
Total Expenditures	<u>5,547,723</u>	<u>81,676</u>	<u>5,629,399</u>	<u>3,137,555</u>
Excess of Revenues Under Expenditures	<u>(2,945,924)</u>	<u>(3,848)</u>	<u>(2,949,772)</u>	<u>(543,597)</u>
Other Financing Sources				
Long-term debt issued	608,710	-	608,710	3,429,100
Net Change in Fund Balances	<u>(2,337,214)</u>	<u>(3,848)</u>	<u>(2,341,062)</u>	<u>2,885,503</u>
Fund Balances - January 1	<u>3,737,932</u>	<u>13,755</u>	<u>3,751,687</u>	<u>866,184</u>
Fund Balances - December 31	<u>\$ 1,400,718</u>	<u>\$ 9,907</u>	<u>\$ 1,410,625</u>	<u>\$ 3,751,687</u>

(Continued)

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

Governmental Activities	
2015	2014

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page	\$ (2,341,062)	\$ 2,885,503
Amounts reported for governmental activities in the statement of activities are different because:		
Some capital assets acquired during the year were donated. Governmental funds do not report donated capital assets as their measurement focus is on current financial resources.	-	39,908
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	457,681	1,002,545
Depreciation expense reported in the statement of activities	(379,829)	(374,922)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported. The book value of capital assets disposed of during the year:	(38,002)	(20,480)
Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:	(608,710)	(3,429,100)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	3,463,810	290,747
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	32,733	2,334
Change in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan	1,614	-
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see page 5)	\$ 588,235	\$ 396,535

The notes to the basic financial statements are an integral part of this statement.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 1,901,719	\$ 1,901,719	\$ 1,919,499	\$ 17,780
Intergovernmental	144,273	144,273	162,894	18,621
Licenses and permits	31,268	31,268	64,957	33,689
Fines and forfeits	-	-	2,834	2,834
Public charges for services	363,727	363,727	355,058	(8,669)
Intergovernmental charges for services	3,000	3,000	3,556	556
Interest on investments	2,000	2,000	4,750	2,750
Miscellaneous	38,526	38,526	88,251	49,725
Total Revenues	<u>2,484,513</u>	<u>2,484,513</u>	<u>2,601,799</u>	<u>117,286</u>
Expenditures				
General government	436,313	434,714	359,908	74,806
Public safety	338,644	410,059	335,577	74,482
Public works	664,821	667,470	556,250	111,220
Culture and recreation	441,827	455,827	374,317	81,510
Health and human services	5,410	5,410	2,913	2,497
Conservation and development	95,515	95,515	39,068	56,447
Debt service				
Principal	401,601	3,463,810	3,463,810	-
Interest and fiscal charges	87,699	139,579	141,194	(1,615)
Capital outlay	15,000	278,306	274,686	3,620
Total Expenditures	<u>2,486,830</u>	<u>5,950,690</u>	<u>5,547,723</u>	<u>402,967</u>
Excess of Revenues Under Expenditures	<u>(2,317)</u>	<u>(3,466,177)</u>	<u>(2,945,924)</u>	<u>520,253</u>
Other Financing Sources				
Long-term debt issued	-	608,710	608,710	-
Net Change in Fund Balance	(2,317)	(2,857,467)	(2,337,214)	520,253
Fund Balance - January 1	<u>3,737,932</u>	<u>3,737,932</u>	<u>3,737,932</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 3,735,615</u>	<u>\$ 880,465</u>	<u>\$ 1,400,718</u>	<u>\$ 520,253</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Gibraltar, Door County, Wisconsin ("the Town") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

1. Reporting Entity

The Town of Gibraltar is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Related Organization

The Town Board is responsible for appointing the members to the Fish Creek Sanitary District, but the Town's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the Town's reporting entity.

3. Joint Venture

GIBRALTAR-EPHRAIM AIRPORT

The Town of Gibraltar is a participant with the Village of Ephraim in a joint venture to operate the Ephraim-Gibraltar Airport. The Ephraim-Gibraltar Airport Commission (EGAC) was created for that purpose. The EGAC is governed by a six-member board composed of three appointees from each municipality. Both municipalities are obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. The Town's financial statements include all revenues and expenditures of the Ephraim-Gibraltar Airport.

4. Jointly Governed Organization

DOOR COUNTY TOURISM ZONE

The Town of Gibraltar is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2015, the Town of Gibraltar recorded \$189,276 of room tax revenue from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which primarily are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Financial statements are provided for governmental funds. Governmental funds include the general fund and the airport special revenue fund. The Town has no proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

GENERAL FUND

This is the Town's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

6. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the fund financial statements.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,500 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental Activities Years
Land improvements	20 - 40
Buildings	25
Machinery and equipment	5 - 20
Vehicles	3 - 10
Infrastructure	30

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category in the government-wide statement of net position. The item is related to the Town's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the Town's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

g. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as interest and fiscal charges expenses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Town has adopted a debt management policy to set forth parameters and goals for issuing debt and managing the level of outstanding debt.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

i. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of Town management. The Town Board has authorized itself to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Town has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and displayed in three components:

- Net investment in capital position - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

9. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2014, from which the summarized information was derived. We also made minor adjustments for the year ended December 31, 2015 basic financial statements that affected the financial statements for the year ended December 31, 2014.

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2015.

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$3,586,105 on December 31, 2015, and consists entirely of deposits with financial institutions.

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position

Cash and investments	\$ 3,543,530
Restricted cash	<u>42,575</u>
	<u>\$ 3,586,105</u>

Deposits

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

On December 31, 2015, \$2,907,105 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

The Town bills its own property taxes and also levies taxes for the Gibraltar School Town, Door County, Northeast Wisconsin Technical College, and the State of Wisconsin. The Town contracts with the Door County Treasurer to collect property taxes.

3. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,362,711	\$ 70,000	\$ -	\$ 2,432,711
Construction in progress	-	42,469	-	42,469
Total capital assets, not being depreciated	2,362,711	112,469	-	2,475,180
Capital assets, being depreciated:				
Land improvements	763,535	7,746	-	771,281
Buildings	4,465,555	-	-	4,465,555
Machinery and equipment	576,754	159,807	45,000	691,561
Vehicles	1,207,465	-	-	1,207,465
Infrastructure	5,741,903	177,659	138,739	5,780,823
Subtotals	12,755,212	345,212	183,739	12,916,685
Less accumulated depreciation for:				
Land improvements	374,789	33,011	-	407,800
Buildings	999,058	95,925	-	1,094,983
Machinery and equipment	313,778	43,647	45,000	312,425
Vehicles	429,887	78,653	-	508,540
Infrastructure	3,808,191	128,593	100,737	3,836,047
Subtotals	5,925,703	379,829	145,737	6,159,795
Total capital assets, being depreciated, net	6,829,509	(34,617)	38,002	6,756,890
Governmental activities capital assets, net	\$ 9,192,220	\$ 77,852	\$ 38,002	9,232,070
Less related long-term debt outstanding				3,698,321
Net investment in capital assets				\$ 5,533,749

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the Town as follows:

Governmental activities	
General government	\$ 43,023
Public safety	127,014
Public works	171,479
Culture and recreation	38,213
Health and human services	100
Total depreciation expense - governmental activities	<u>\$ 379,829</u>

4. Long-term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2015.

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
General Obligation Debt					
Notes	<u>\$ 6,553,421</u>	<u>\$ 608,710</u>	<u>\$ 3,463,810</u>	<u>\$ 3,698,321</u>	<u>\$ 368,414</u>

Total interest paid during the year on long-term debt totaled \$141,194.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$2,494,100 issued 11/24/14; \$229,351 to \$270,139 due annually through 2024; interest 2.30%	\$ 2,247,683
\$370,000 issued 12/3/14; \$33,981 to \$40,964 due annually through 2024; interest 2.30%	336,474
\$565,000 issued 12/3/14; \$51,432 to \$63,176 due annually through 2024; interest 2.53%	514,280
\$608,710 issued 10/14/15; \$5,528 to \$65,549 due annually through 2026; interest 2.19%	599,884
Total Outstanding General Obligation Debt	<u>\$ 3,698,321</u>

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$3,698,321 on December 31, 2015 is detailed below:

Year Ended December 31	Principal	Interest	Total
2016	\$ 368,414	\$ 83,060	\$ 451,474
2017	377,397	74,076	451,473
2018	386,356	65,116	451,472
2019	395,529	55,944	451,473
2020	404,782	46,691	451,473
2021-2025	1,760,315	88,716	1,849,031
2026	5,528	10	5,538
	<u>\$ 3,698,321</u>	<u>\$ 413,613</u>	<u>\$ 4,111,934</u>

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2015 was \$32,687,789 as follows:

Equalized valuation of the Town	\$ 727,722,200
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	36,386,110
Total outstanding general obligation debt applicable to debt limitation	<u>3,698,321</u>
Legal Margin for New Debt	<u>\$ 32,687,789</u>

5. Minimum Fund Balance Policy

The Town has also adopted a minimum fund balance policy of 16% of actual year general fund expenditures, not including debt service and capital outlay funded by debt. These funds are to be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2015 General fund actual expenditures	\$ 5,547,723
Less amount expended for debt service	(3,605,004)
Less amount expended for capital outlay funded by debt	-
General fund expenditures subject to minimum fund balance	<u>1,942,719</u>
Minimum Fund Balance %	<u>(x) 16%</u>
Minimum Fund Balance Amount	<u>\$ 310,835</u>

The Town's unassigned general fund balance totaled \$310,835 on December 31, 2015.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Pension Plan

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school Town educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$14,781 in contributions from the Town.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

- d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Town reported an asset of \$35,247 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Town's proportion was .00143499%, which was an increase of .00011767% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Town recognized pension expense of \$14,068.

At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,110	\$ -
Net differences between projected and actual earnings on pension plan investments	17,068	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,159
Employer contributions subsequent to the measurement date	14,068	-
Total	<u>\$ 36,246</u>	<u>\$ 3,159</u>

\$14,068 reported as deferred outflows related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2015	\$ 5,056	\$ 720
2016	5,056	720
2017	5,056	720
2018	5,056	720
2019	1,954	279

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Asset:	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Town's proportionate share of the net pension asset (liability)	\$ (99,439)	\$ 35,247	\$ 141,617

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

f. Payable to the WRS

At December 31, 2015 the Town reported a payable of \$2,225 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION

1. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage.

2. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2015 and 2016 budget years, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2015 budget was .37%. The actual limit for the Town for the 2016 budget was .80%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

3. Contingencies

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

4. Cumulative Effect of Change in Accounting Principle

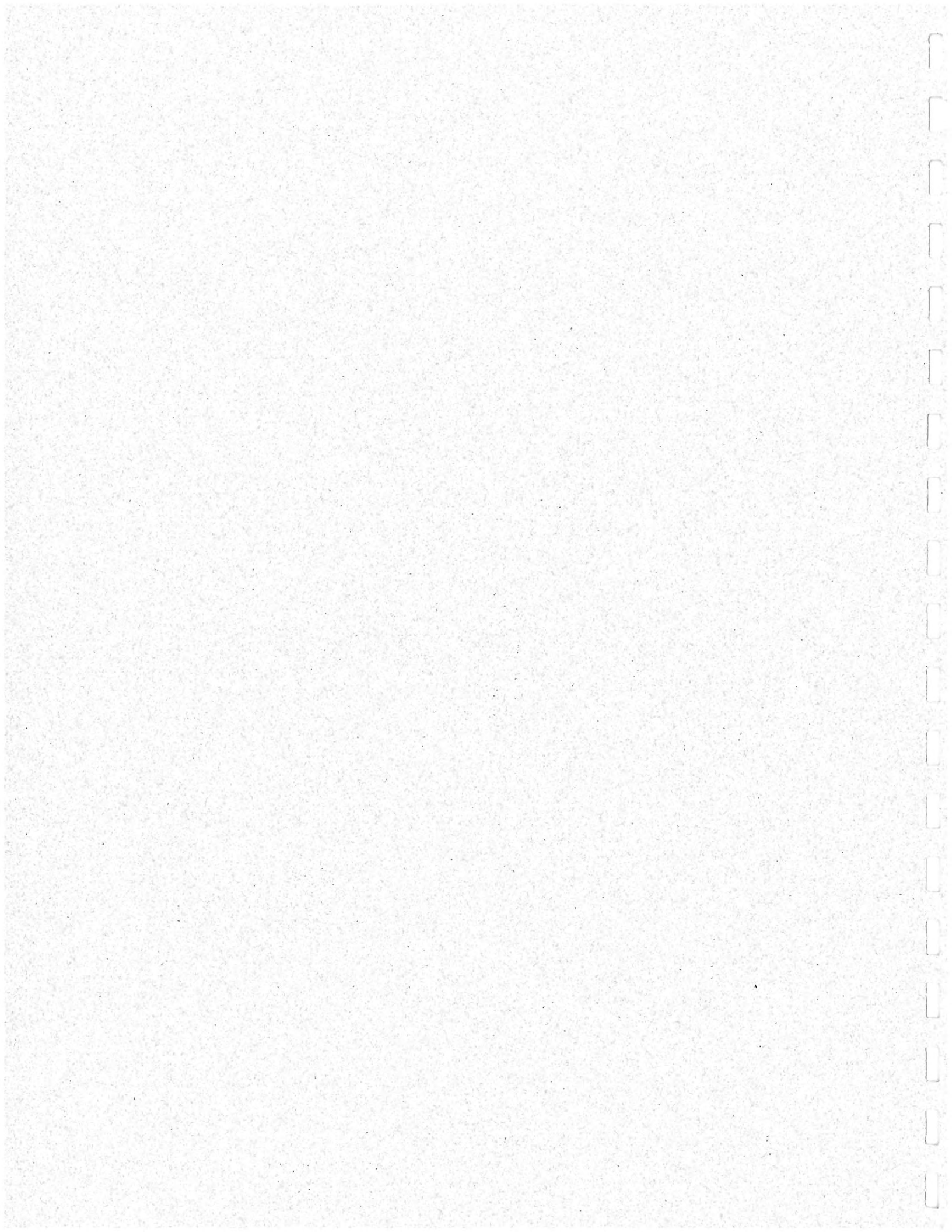
The Town has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

Net Pension Asset - 1/1/2014	\$	51,935
Deferred Outflows of Resources - 2014 Contributions		14,785
Total Cumulative Effect of Change in Accounting Principle	\$	66,720

5. Upcoming Accounting Pronouncement

In February 2015, the Government Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation technique. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Town is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
 Schedule of Proportionate Share of the Net Pension Asset
 Wisconsin Retirement System
 Last 10 Fiscal Years*

	2015
Proportion of the net pension asset	0.00143499%
Proportionate share of the net pension asset	\$ 35,247
Covered-employee payroll	\$ 211,162
Plan fiduciary net position as a percentage of the total pension asset	102.74%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
 Schedule of Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 14,781
Contributions in relation to the contractually required contributions	\$ 14,781
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 211,162
Contributions as a percentage of covered-employee payroll	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

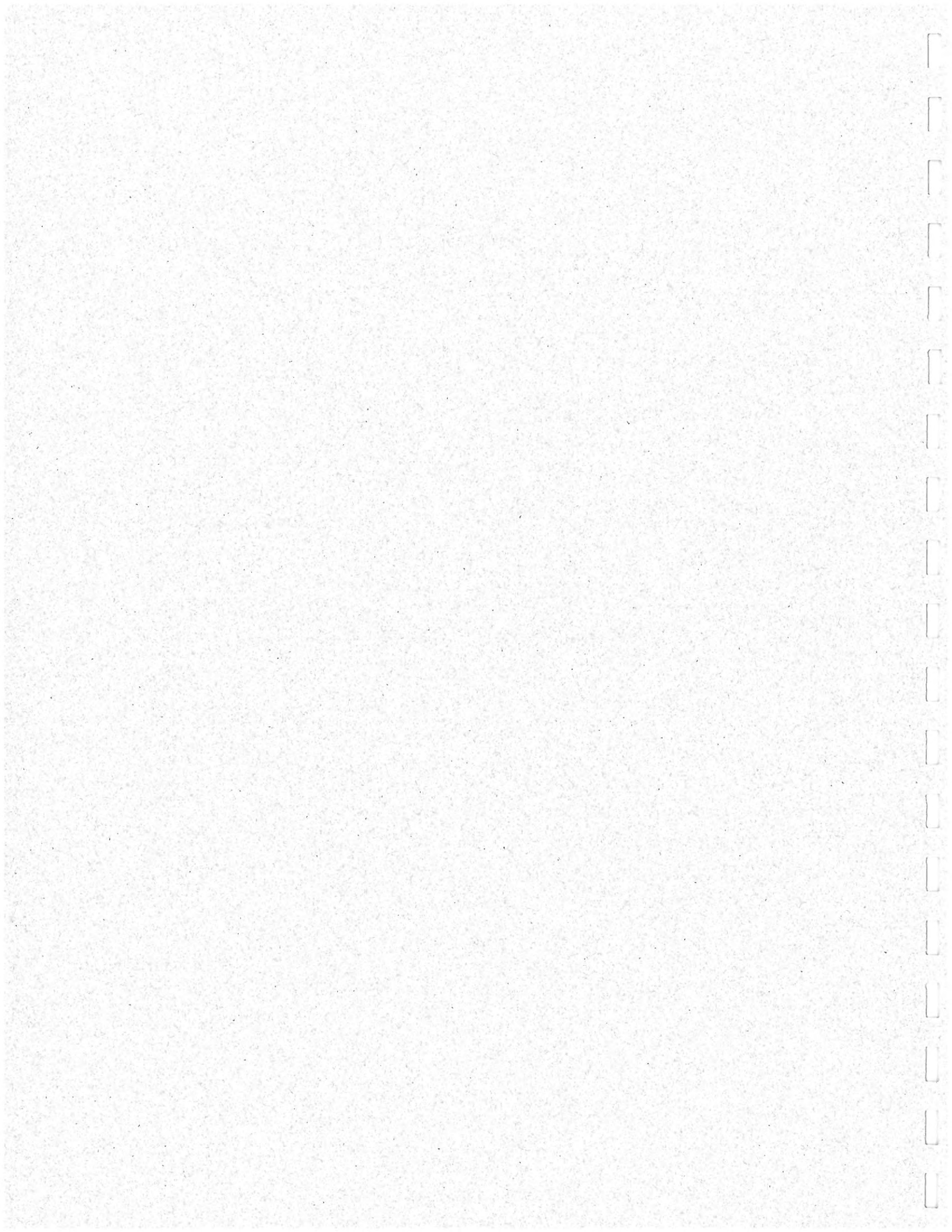
The Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in WRS.

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SUPPLEMENTARY INFORMATION



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**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

General Fund

Detailed Comparison of Budgeted and Actual Revenues
For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)	Actual Prior Year Amount
Taxes					
General property taxes	\$ 1,726,719	\$ 1,726,719	\$ 1,726,719	\$ -	\$ 1,568,166
Woodland/forest crop/MFL	-	-	3,504	3,504	3,445
Room tax	175,000	175,000	189,276	14,276	184,956
Total Taxes	1,901,719	1,901,719	1,919,499	17,780	1,756,567
Intergovernmental					
State aids					
State shared taxes	12,928	12,928	12,928	-	12,928
Exempt computer aid	380	380	462	82	460
Forest crop severance/yield, withdrawal	-	-	473	473	7,257
Fire insurance tax	18,500	18,500	20,397	1,897	21,258
Transportation	107,586	107,586	111,906	4,320	122,845
Municipal service aid	1,719	1,719	1,642	(77)	1,719
DNR in lieu of taxes	2,000	2,000	4,617	2,617	4,512
Police training	160	160	160	-	160
Other grants	-	-	8,085	8,085	19,359
Recycling grant	1,000	1,000	2,224	1,224	2,505
Total Intergovernmental	144,273	144,273	162,894	18,621	193,003
Licenses and permits					
Liquor and malt beverages	8,500	8,500	8,930	430	8,632
Cable TV franchise fee	8,000	8,000	14,065	6,065	11,309
Other licenses, and permits	1,568	1,568	2,670	1,102	2,250
Inspection fees	13,200	13,200	39,292	26,092	36,885
Total Licenses and Permits	31,268	31,268	64,957	33,689	59,076
Fines and Forfeits	-	-	2,834	2,834	1,955
Public Charges for Services					
Dock	355,059	355,059	340,970	(14,089)	312,193
Roads	2,168	2,168	5,496	3,328	18,840
Cemetery	2,500	2,500	1,728	(772)	4,950
General government	1,000	1,000	2,437	1,437	3,164
Miscellaneous	3,000	3,000	4,427	1,427	4,363
Total Public Charges for Services	363,727	363,727	355,058	(8,669)	343,510

(Continued)

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

General Fund

Detailed Comparison of Budgeted and Actual Revenues (Continued)

For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)	Actual Prior Year Amount
Intergovernmental Charges for Services					
Airport	-	-	-	-	810
Fire and EMR	3,000	3,000	3,556	556	-
Total Intergovernmental Charges for Services	3,000	3,000	3,556	556	810
Interest on Investments	2,000	2,000	4,750	2,750	3,117
Miscellaneous					
Rent of Town property	38,526	38,526	41,233	2,707	52,738
Sale of Town property	-	-	10,425	10,425	67,595
Insurance claims and refunds	-	-	11,033	11,033	3,287
Donations	-	-	3,100	3,100	1,950
Refunds	-	-	-	-	442
Blossomberg trust income	-	-	62	62	69
Miscellaneous	-	-	22,398	22,398	7,689
Total Miscellaneous	38,526	38,526	88,251	49,725	133,770
Total Revenues	\$ 2,484,513	\$ 2,484,513	\$ 2,601,799	\$ 117,286	\$ 2,491,808

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

General Fund

Detailed Comparison of Budgeted and Actual Expenditures

For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)	Actual Prior Year Amount
General Government					
Legislative	\$ 52,078	\$ 50,479	\$ 44,599	\$ 5,880	\$ 43,657
General administration	198,977	198,977	162,466	36,511	166,964
Payroll expenses	-	-	-	-	1,064
Elections	5,800	5,800	1,724	4,076	4,399
Advertising	2,000	2,000	-	2,000	1,255
Assessment of property	16,185	16,185	16,517	(332)	13,735
Accounting	12,300	12,300	9,620	2,680	10,491
Legal	42,000	42,000	11,840	30,160	12,397
Town Center	43,973	43,973	41,373	2,600	41,369
Property and liability insurance	63,000	63,000	71,769	(8,769)	68,163
Total General Government	436,313	434,714	359,908	74,806	363,494
Public Safety					
Police department	69,027	69,027	55,740	13,287	65,391
Fire department	229,058	300,473	218,129	82,344	170,736
First responders	26,424	26,424	24,551	1,873	18,701
Building inspection	12,000	12,000	35,151	(23,151)	35,054
Dog catcher	2,135	2,135	2,006	129	1,689
Total Public Safety	338,644	410,059	335,577	74,482	291,571
Public Works					
Salaries and benefits	185,931	193,055	179,108	13,947	166,263
Road maintenance- contracted	412,390	408,100	326,107	81,993	371,339
Town shop and equipment	47,500	47,315	35,120	12,195	71,860
Sanitation/Recycling	19,000	19,000	15,915	3,085	15,418
Total Public Works	664,821	667,470	556,250	111,220	624,880
Culture and Recreation					
Library	1,600	1,600	882	718	2,713
Park and pavilion	49,900	49,900	38,088	11,812	27,286
Museum	18,224	18,224	14,592	3,632	15,537
Town hall	27,703	27,703	27,296	407	47,192
Chambers Island	2,525	2,525	891	1,634	590
Docks	284,795	298,795	236,821	61,974	238,997
Fish Creek Civic Association	56,780	56,780	55,447	1,333	62,205
Door County Coastal Byway	300	300	300	-	300
Total Culture and Recreation	441,827	455,827	374,317	81,510	394,820

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**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**

General Fund

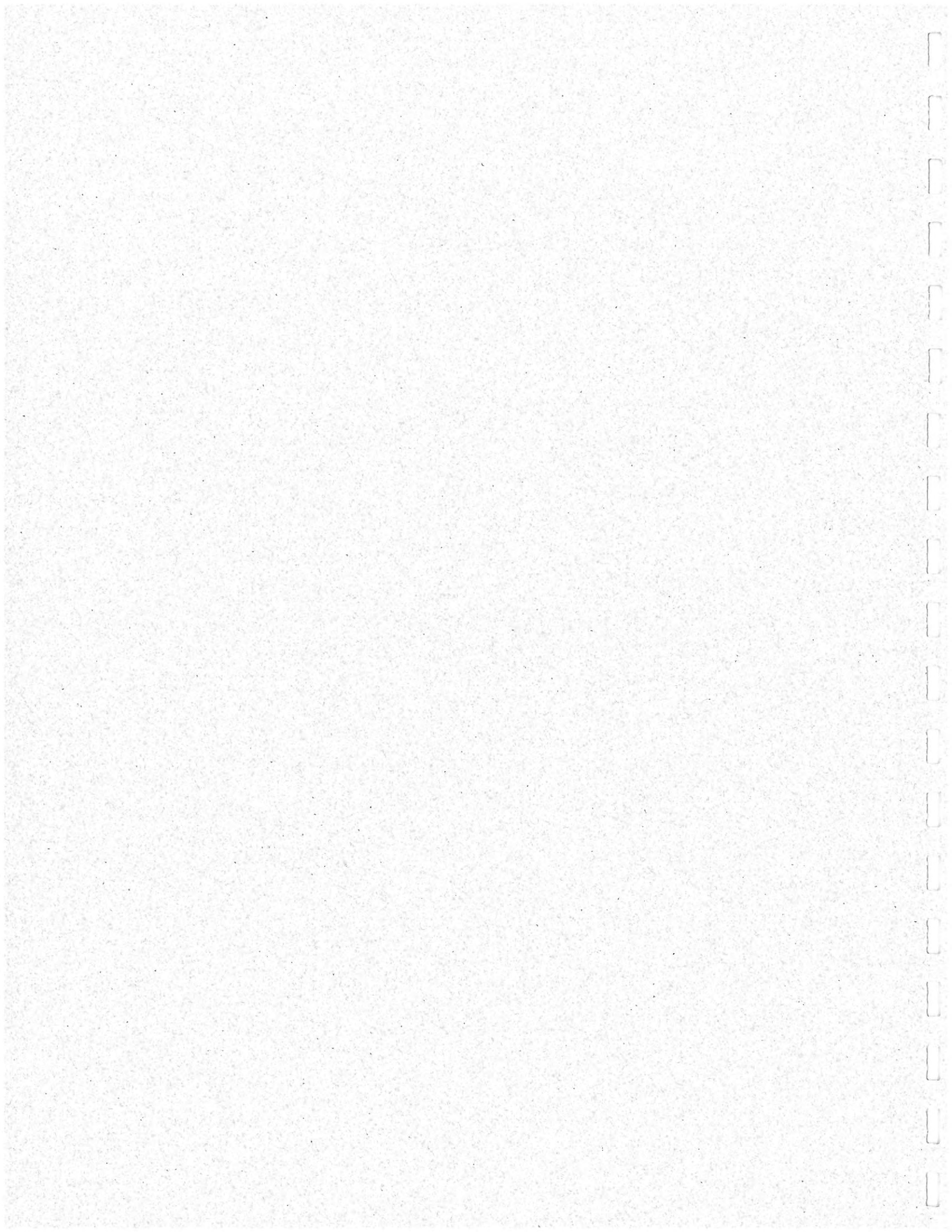
Detailed Comparison of Budgeted and Actual Expenditures
For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)	Actual Prior Year Amount
Health and Human Services					
Cemetery	3,375	3,375	1,054	2,321	2,102
Watershed study	1,035	1,035	859	176	906
Humane society	1,000	1,000	1,000	-	1,000
Total Health and Human Services	5,410	5,410	2,913	2,497	4,008
Conservation and Development					
Planning commission	8,015	8,015	4,649	3,366	2,895
Economic development	87,500	87,500	34,419	53,081	-
Total Conservation and Development	95,515	95,515	39,068	56,447	2,895
Debt Service					
Principal retirement	401,601	3,463,810	3,463,810	-	290,747
Interest and fiscal charges	87,699	139,579	141,194	(1,615)	120,062
Total Debt Service	489,300	3,603,389	3,605,004	(1,615)	410,809
Capital Outlay					
General government					
Equipment	-	2,010	2,010	-	11,024
Public safety					
Fire equipment	-	78,500	82,152	(3,652)	372,096
Public works					
Land purchase	-	70,000	70,000	-	-
Buildings	-	42,496	42,496	-	-
Equipment	-	70,300	70,282	18	-
Culture and recreation					
Dock	15,000	15,000	7,746	7,254	-
Land purchase	-	-	-	-	565,000
Total Capital Outlay	15,000	278,306	274,686	3,620	948,120
Total Expenditures	\$ 2,486,830	\$ 5,950,690	\$ 5,547,723	\$ 402,967	\$ 3,040,597

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**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Town Board
Town of Gibraltar, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Gibraltar, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Gibraltar's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated February 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gibraltar, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gibraltar, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gibraltar, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Towns financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

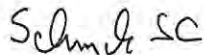
As part of obtaining reasonable assurance about whether the Town of Gibraltar, Door County, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Gibraltar, Wisconsin's Response to Findings

Town of Gibraltar, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Gibraltar, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Town of Gibraltar, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gibraltar, Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
February 12, 2016

TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2015

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
-------------	----------------------

2014-001 Preparation of Annual Financial Report

Condition: Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reason, the Town contracts with us to compile the Wisconsin Municipal Financial Report Form CT.

Criteria: The preparation and review of the annual financial report and municipal financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements, notes and other required State Financial report.

Cause: Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and the municipal financial report.

Management Response: Management believes the cost for additional staff time and training to prepare year end financial reports outweigh the benefits to be received. Management has reviewed financial information using the knowledge obtained from various trainings and continuing education on new GASB pronouncements.

**TOWN OF GIBRALTAR
DOOR COUNTY, WISCONSIN**
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2015

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2014-002	Adjustments to the Town's Financial Records
Condition:	As part of our 2015 audit, we proposed adjusting journal entries that were material to the Town's financial statement.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Town may contain material misstatements.
Recommendation:	We recommend the Town designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management Response:	Administration is very willing and eager to learn the necessary adjusting and closing entries to ensure that the year end financial statements are as accurate as possible.

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2015.